

Attachment 3



## Federal Housing Finance Agency

Constitution Center  
400 7<sup>th</sup> Street, S.W.  
Washington, D.C. 20024  
Telephone: (202) 649-3800  
Facsimile: (202) 649-1071  
[www.fhfa.gov](http://www.fhfa.gov)

August 20, 2014

Rita L. Neal  
County Counsel  
Office of the County Counsel for San Luis Obispo County  
County Government Center  
1055 Monterey St., Room D320  
San Luis Obispo, CA 93408

RE: PACE Lending

Dear Ms. Neal:

The Federal Housing Finance Agency has been advised that a number of communities in California, including yours, recently announced plans to move forward with programs to approve Property Assessed Clean Energy (PACE) loans with a first lien on residential properties. Consequently, I am writing to remind you that Fannie Mae and Freddie Mac do not purchase mortgages for either home sales or re-financings that are encumbered with first lien PACE (or similar program) loans. This policy has been in place since 2010 and was reaffirmed by FHFA in 2014. The Federal Home Loan Banks, which also are regulated by FHFA, have been directed to protect their interests in the collateral they accept for advances, which could become subject to PACE encumbrances.

FHFA urges your community to inform potential borrowers of the policies of Fannie Mae and Freddie Mac and to provide them the web addresses that homeowners can utilize to determine whether their loan is currently held or guaranteed by one of the Enterprises. These websites are <https://knowyouroptions.com/loanlookup> for Fannie Mae and for Freddie Mac <https://www3.freddie.mac.com/loanlookup/?intcmp=LLT-HPstep1>.

Thank you for your attention in this matter. If you have any questions, you may contact me directly at 202 649 3050.

With all best wishes, I am

Sincerely,

A handwritten signature in cursive script, reading "Alfred M. Pollard".

Alfred M. Pollard  
General Counsel